

PUBLIC FINANCE MANAGEMENT BOARD

FY 2019 Annual Documentation

FY 2019 PFMB Annual Documentation

In 2016, at the request of General Treasurer Seth Magaziner, the Rhode Island General Assembly enacted a series of reforms to strengthen Rhode Island's debt management practices, including improved research and reporting, stronger oversight, and policies aimed at providing taxpayer savings through more efficient bond issuance. The Public Finance Management Board (PFMB), a volunteer Board of public finance experts formed to advise state and municipal issuers of public debt, has worked with Office of the General Treasurer staff to effectuate these goals.

Included among the new policies adopted in 2016 is a new requirement that the PFMB publish a comprehensive study of Debt Affordability no less than every two years. The most recent study was released on July 25, 2019 and can be accessed at www.debt.treasuryri.gov. These Debt Affordability Studies contain robust information about the amount of public borrowing at the state, quasi-public and municipal levels, comparisons to peers and rating agency guidance, and a range of information on best practices for public debt management.

Chapter 42-10.1-8 of Rhode Island General Law also requires the PFMB to provide certain data to the General Assembly on an annual basis, including:

- Information on state debt outstanding
- PFMB revenue and expense data
- PFMB meeting minutes
- Ratings reports from state debt issuances

Pursuant to RIGL, this information for FY 2019 is included herein.

In addition to collecting and publishing key information related to public borrowing in Rhode Island, the PFMB conducted three educational events during FYI 2019 which were attended by over 100 public finance professionals, provided advisory opinions to the General Assembly on proposed legislation and continued its traditional function of allocating tax-exempt volume capacity to quasi-public agencies.

The PFMB and Office of the General Treasurer staff are available to answer any questions about this material and stand ready and willing to assist all stakeholders interested in learning more about public liabilities at the state and local level.

Information on FY 2019 state debt outstanding

State of Rhode Island
Office of the General Treasurer
Debt Service System Inventory by Maturity Date

Amount of Original Issue	Description of Issue	Year	Series	Maturity Date	Principal Paid in FY 19	Interest Paid in FY 19	Principal Outstanding 6/30/2019	Interest Outstanding 6/30/2019
40,865,000.00	G.O. CCDL of 2010, Series B (Tax Exempt)	2010	B	4/1/2019	1,770,000.00	53,100.00	0.00	0.00
23,800,000.00	G.O. CDL of 2010, Series D (Federally Taxable)	2010	D	4/1/2020	2,785,000.00	203,973.26	1,710,000.00	79,121.70
78,960,000.00	G.O. CCDL of 2010, Refunding Series A	2010	Refunding Series A	10/1/2020	9,955,000.00	1,204,850.00	21,300,000.00	989,875.00
8,000,000.00	LPC, Central Power Plant Project - 2017 Refunding Series E	2017	Refunding Series E	10/1/2020	1,990,000.00	263,500.00	4,275,000.00	216,375.00
11,805,000.00	LPC, Energy Conservation Project - 2009 Series B	2009	B	4/1/2021	1,290,000.00	204,912.50	2,905,000.00	220,750.00
13,165,000.00	G.O. CCDL of 2016, Series B (Federally Taxable)	2016	B	5/1/2021	2,625,000.00	126,656.26	5,365,000.00	137,900.00
53,800,000.00	G.O. CCDL of 2016, Refunding Series C (Tax-Exempt)	2016	Refunding Series C	8/1/2022	12,550,000.00	1,532,250.00	24,370,000.00	2,147,000.00
17,520,000.00	LPC, Energy Conservation Project - 2013 Series C	2013	C	4/1/2023	1,745,000.00	482,500.00	7,905,000.00	1,012,250.00
9,170,000.00	LPC, Information Technology Project - 2013 Series D	2013	D	4/1/2023	910,000.00	207,450.00	4,055,000.00	411,850.00
5,005,000.00	LPC, Energy Conservation Project - 2017 Refunding Series C	2017	Refunding Series C	5/1/2023	1,150,000.00	215,750.00	3,165,000.00	357,750.00
36,310,000.00	LPC, Kent County Courthouse Project - 2013 Refunding Series A	2013	Refunding Series A	10/1/2023	3,520,000.00	1,091,400.00	20,420,000.00	2,654,500.00
36,575,000.00	LPC, Training School Project - 2013 Refunding Series B	2013	Refunding Series B	10/1/2024	3,060,000.00	1,152,950.00	21,835,000.00	3,433,375.00
15,290,000.00	LPC, Traffic Tribunal Project - 2013 Refunding Series E	2013	Refunding Series E	10/1/2024	1,280,000.00	390,800.00	8,805,000.00	1,235,100.00
11,650,000.00	LPC, Pastore Center Energy Conservation Project - 2014 Series A	2014	A	11/1/2024	1,070,000.00	381,300.00	7,635,000.00	1,073,725.00
30,380,000.00	LPC, Information Technology Project - 2014 Series C	2014	C	11/1/2024	2,785,000.00	1,068,375.00	19,975,000.00	3,141,875.00
78,700,000.00	G.O. CCDL of 2014, Refunding Series A	2014	Refunding Series A	11/1/2025	16,200,000.00	2,321,875.00	40,520,000.00	6,201,850.00
31,980,000.00	LPC, Energy Conservation Project - 2011 Series A	2011	A	4/1/2026	3,435,000.00	441,150.00	8,645,000.00	948,250.00
9,050,000.00	LPC, Nursing Education Center Project - 2017 Series A	2017	A	6/1/2027	755,000.00	415,500.00	7,555,000.00	1,796,750.00
122,950,000.00	G.O. CCDL of 2012, Refunding Series A	2012	Refunding Series A	8/1/2027	11,485,000.00	4,455,231.26	84,390,000.00	10,132,240.71
175,155,000.00	G.O. CCDL of 2015, Refunding Series A	2015	Refunding Series A	8/1/2027	10,220,000.00	6,524,800.00	132,580,000.00	27,718,100.00
162,115,000.00	G.O. CCDL of 2014, Refunding Series D (Tax-Exempt)	2014	Refunding Series D	8/1/2027	4,625,000.00	7,846,275.00	156,495,000.00	38,445,700.00
35,100,000.00	G.O. CCDL of 2018, Series B (Federally Taxable)	2018	B	4/1/2028	2,980,000.00	1,263,476.23	32,120,000.00	6,066,967.50
19,635,000.00	LPC, School for the Deaf Project - 2017 Refunding Series D	2017	Refunding Series D	4/1/2029	490,000.00	981,750.00	19,145,000.00	5,650,000.00
25,000,000.00	G.O. CCDL of 2019, Series B (Federally Taxable)	2019	B	5/1/2029	0.00	0.00	25,000,000.00	4,309,333.33
7,465,000.00	LPC, R. I. College Energy Conservation Project - 2014 Series B	2014	B	11/1/2029	370,000.00	243,925.00	6,755,000.00	1,436,387.50
80,000,000.00	G.O. CDL of 2010, Series C	2010	C	4/1/2030	0.00	4,479,957.00	80,000,000.00	31,417,034.62
145,035,000.00	G.O. CCDL of 2011, Series A	2011	A	8/1/2030	0.00	1,199,037.50	25,795,000.00	3,993,968.75
66,920,000.00	G.O. CCDL of 2017, Refunding Series B (Tax-Exempt)	2017	Refunding Series B	8/1/2031	0.00	3,346,000.00	66,920,000.00	33,305,000.00
6,910,000.00	LPC, U.R.I. Energy Conservation Project - 2017 Series B	2017	B	6/1/2032	0.00	331,500.00	6,910,000.00	2,470,000.00
81,400,000.00	G.O. CCDL of 2012, Series B	2012	B	10/15/2032	3,270,000.00	2,762,862.50	63,420,000.00	21,043,981.25
40,650,000.00	G.O. CCDL of 2013, Series A (Tax-Exempt)	2013	A	10/15/2033	1,500,000.00	1,575,987.50	32,185,000.00	13,261,043.77
12,500,000.00	G.O. CDL of 2013, Series B (Federally Taxable)	2013	B	10/15/2033	500,000.00	441,598.36	10,075,000.00	3,932,149.39

State of Rhode Island
Office of the General Treasurer
Debt Service System Inventory by Maturity Date

Amount of Original Issue	Description of Issue	Year	Series	Maturity Date	Principal Paid in FY 19	Interest Paid in FY 19	Principal Outstanding 6/30/2019	Interest Outstanding 6/30/2019
10,195,000.00	LPC, U.R.I. Energy Conservation Project, 2018 Series A	2018	A	11/1/2033	0.00	245,325.00	10,195,000.00	4,215,275.00
20,100,000.00	LPC, Eleanor Slater Hospital Project, 2018 Series B	2018	B	11/1/2033	0.00	484,525.00	20,100,000.00	7,952,825.00
33,625,000.00	G.O. CCDL of 2014, Series B (Tax-Exempt)	2014	B	11/1/2034	1,165,000.00	1,483,050.00	29,195,000.00	13,212,125.00
12,500,000.00	G.O. CDL of 2014, Series C (Federally Taxable)	2014	C	11/1/2034	505,000.00	371,691.23	10,510,000.00	3,525,022.34
58,835,000.00	G.O. CCDL of 2016, Series A (Tax-Exempt)	2016	A	5/1/2036	125,000.00	2,071,300.00	58,420,000.00	20,210,750.00
91,000,000.00	G.O. CCDL of 2017, Series A (Tax-Exempt)	2017	A	5/1/2037	2,970,000.00	3,782,250.00	85,120,000.00	36,390,000.00
114,275,000.00	G.O. CCDL of 2018, Series A (Tax-Exempt)	2018	A	4/1/2038	2,190,000.00	4,353,902.66	112,085,000.00	54,665,237.66
123,600,000.00	G.O. CCDL of 2019, Series A (Tax-Exempt)	2019	A	5/1/2039	0.00	0.00	123,600,000.00	62,310,605.00
					111,270,000.00	60,002,736.26	1,401,455,000.00	431,722,043.52
					<u>60,002,736.26</u>			<u>1,401,455,000.00</u>
				Total Principle and Interest Paid in FY 2019			Total outstanding debt @ 6/30/19	
					<u>171,272,736.26</u>			<u>1,833,177,043.52</u>

State of Rhode Island - Office of the General Treasurer
Schedule of Tax Supported Debt
As of 6/30/19

Description of Issue	Maturity Date	Principal Paid in FY 19	Interest Paid in FY 19	Principal Outstanding 6/30/2019	Interest Outstanding 6/30/2019
General Obligation Bonds					
G.O. CCDL of 2010, Series B (Tax Exempt)	4/1/2019	1,770,000.00	53,100.00	0.00	0.00
G.O. CDL of 2010, Series D (Federally Taxable)	4/1/2020	2,785,000.00	203,973.26	1,710,000.00	79,121.70
G.O. CCDL of 2010, Refunding Series A	10/1/2020	9,955,000.00	1,204,850.00	21,300,000.00	989,875.00
G.O. CCDL of 2016, Series B (Federally Taxable)	5/1/2021	2,625,000.00	126,656.26	5,365,000.00	137,900.00
G.O. CCDL of 2016, Refunding Series C (Tax-Exempt)	8/1/2022	12,550,000.00	1,532,250.00	24,370,000.00	2,147,000.00
G.O. CCDL of 2014, Refunding Series A	11/1/2025	16,200,000.00	2,321,875.00	40,520,000.00	6,201,850.00
G.O. CCDL of 2012, Refunding Series A	8/1/2027	11,485,000.00	4,455,231.26	84,390,000.00	10,132,240.71
G.O. CCDL of 2015, Refunding Series A	8/1/2027	10,220,000.00	6,524,800.00	132,580,000.00	27,718,100.00
G.O. CCDL of 2014, Refunding Series D (Tax-Exempt)	8/1/2027	4,625,000.00	7,846,275.00	156,495,000.00	38,445,700.00
G.O. CCDL of 2018, Series B (Federally-Taxable)	4/1/2028	2,980,000.00	1,263,476.23	32,120,000.00	6,066,967.50
G.O. CCDL of 2019, Series B (Federally-Taxable)	5/1/2029	0.00	0.00	25,000,000.00	4,309,333.33
G.O. CDL of 2010, Series C	4/1/2030	0.00	4,479,957.00	80,000,000.00	31,417,034.62
G.O. CCDL of 2011, Series A	8/1/2030	0.00	1,199,037.50	25,795,000.00	3,993,968.75
G.O. CCDL of 2017, Refunding Series B (Tax-Exempt)	8/1/2031	0.00	3,346,000.00	66,920,000.00	33,305,000.00
G.O. CCDL of 2012, Series B	10/15/2032	3,270,000.00	2,762,862.50	63,420,000.00	21,043,981.25
G.O. CCDL of 2013, Series A (Tax-Exempt)	10/15/2033	1,500,000.00	1,575,987.50	32,185,000.00	13,261,043.77
G.O. CDL of 2013, Series B (Federally Taxable)	10/15/2033	500,000.00	441,598.36	10,075,000.00	3,932,149.39
G.O. CCDL of 2014, Series B (Tax-Exempt)	11/1/2034	1,165,000.00	1,483,050.00	29,195,000.00	13,212,125.00
G.O. CDL of 2014, Series C (Federally Taxable)	11/1/2034	505,000.00	371,691.23	10,510,000.00	3,525,022.34
G.O. CCDL of 2016, Series A (Tax-Exempt)	5/1/2036	125,000.00	2,071,300.00	58,420,000.00	20,210,750.00
G.O. CCDL of 2017, Series A (Tax-Exempt)	5/1/2037	2,970,000.00	3,782,250.00	85,120,000.00	36,390,000.00
G.O. CCDL of 2018 Series A (Tax-Exempt)	4/1/2038	2,190,000.00	4,353,902.66	112,085,000.00	54,665,237.66
G.O. CCDL of 2019 Series A (Tax Exempt)	5/1/2039	0.00	0.00	123,600,000.00	62,310,605.00
Total General Obligation Bonds		87,420,000.00	51,400,123.76	1,221,175,000.00	393,495,006.02

State of Rhode Island - Office of the General Treasurer
Schedule of Tax Supported Debt
As of 6/30/19

Description of Issue	Maturity Date	Principal Paid in FY 19	Interest Paid in FY 19	Principal Outstanding 6/30/2019	Interest Outstanding 6/30/2019
Capital Leases					
LPC, Central Power Plant Project - 2017 Refunding Series E	10/1/2020	1,990,000.00	263,500.00	4,275,000.00	216,375.00
LPC, Energy Conservation Project - 2009 Series B	4/1/2021	1,290,000.00	204,912.50	2,905,000.00	220,750.00
LPC, Energy Conservation Project - 2013 Series C	4/1/2023	1,745,000.00	482,500.00	7,905,000.00	1,012,250.00
LPC, Information Technology Project - 2013 Series D	4/1/2023	910,000.00	207,450.00	4,055,000.00	411,850.00
LPC, Energy Conservation Project - 2017 Refunding Series C	5/1/2023	1,150,000.00	215,750.00	3,165,000.00	357,750.00
LPC, Kent County Courthouse Project - 2013 Refunding Series A	10/1/2023	3,520,000.00	1,091,400.00	20,420,000.00	2,654,500.00
LPC, Training School Project - 2013 Refunding Series B	10/1/2024	3,060,000.00	1,152,950.00	21,835,000.00	3,433,375.00
LPC, Traffic Tribunal Project - 2013 Refunding Series E	10/1/2024	1,280,000.00	390,800.00	8,805,000.00	1,235,100.00
LPC, Pastore Center Energy Conservation Project - 2014 Series A	11/1/2024	1,070,000.00	381,300.00	7,635,000.00	1,073,725.00
LPC, Information Technology Project - 2014 Series C	11/1/2024	2,785,000.00	1,068,375.00	19,975,000.00	3,141,875.00
LPC, Energy Conservation Project - 2011 Series A	4/1/2026	3,435,000.00	441,150.00	8,645,000.00	948,250.00
LPC, Nursing Education Center Project - 2017 Series A	6/1/2027	755,000.00	415,500.00	7,555,000.00	1,796,750.00
LPC, School for the Deaf Project - 2017 Refunding Series D	4/1/2029	490,000.00	981,750.00	19,145,000.00	5,650,000.00
LPC, R. I. College Energy Conservation Project - 2014 Series B	11/1/2029	370,000.00	243,925.00	6,755,000.00	1,436,387.50
LPC, U.R.I. Energy Conservation Project - 2017 Series B	6/1/2032	0.00	331,500.00	6,910,000.00	2,470,000.00
LPC, U.R.I. Energy Conservation Project, 2018 Series A	11/1/2033	0.00	245,325.00	10,195,000.00	4,215,275.00
LPC, Elenaoir Slator Hospital Project, 2018 Series B	11/1/2033	0.00	484,525.00	20,100,000.00	7,952,825.00
Total Capital Leases		23,850,000.00	8,602,612.50	180,280,000.00	38,227,037.50

State of Rhode Island - Office of the General Treasurer
Schedule of Tax Supported Debt
As of 6/30/19

Description of Issue	Maturity Date	Principal Paid in FY 19	Interest Paid in FY 19	Principal Outstanding 6/30/2019	Interest Outstanding 6/30/2019
R.I. Economic Development Corporation					
Job Creation Guaranty Program II	11/1/2020	0.00	0.00	2,250,000.00	301,265.63
URI Power Plant	11/1/2020	1,175,000.00	120,250.00	1,230,000.00	61,500.00
Fidelity Building I	5/1/2021	1,988,678.00	499,847.00	4,530,209.00	482,133.00
Job Creation Guaranty Program	11/1/2021	10,190,000.00	2,162,638.00	22,810,000.00	1,800,713.00
Redevelopment of I-195 Land	4/1/2023	1,420,000.00	506,138.00	36,980,000.00	6,642,413.00
Historic Structures Tax Credit Fund	5/15/2024	8,090,000.00	1,414,264.00	120,830,000.00	15,777,723.00
Fidelity Building II	5/1/2027	512,128.00	441,925.00	5,717,572.00	1,914,858.00
Fleet Bank	5/1/2027	0.00	0.00	5,580,000.00	1,971,910.00
Transportation Motor Fuel	6/15/2027	3,605,000.00	1,751,000.00	31,415,000.00	6,766,750.00
Agency Payments					
Total R.I. Economic Development Corporation		26,980,806.00	6,896,062.00	231,342,781.00	35,719,265.63
Convention Center Authority	5/15/2035	10,265,000.00	8,646,254.00	176,330,000.00	58,331,667.00
Garrahy Garage	5/15/2042	520,000.00	2,021,106.00	44,480,000.00	25,113,628.00
Grand Total		148,515,806.00	75,545,052.26	1,809,127,781.00	525,772,976.15

PFMB Revenue and Expense Data

Public Finance Management Board

		FY 2018	FY 2019	FY 2020
10.067.1910994	Revenues	\$ 274,732	\$ 278,694	\$ 502,035
10.067.1910104	Expenditures			
	Personnel	\$ 248,667	\$ 233,835	\$ 245,157
	Annual Retainer for Financial Advisor	\$ 30,000	\$ 30,000	\$ 30,000
	Debt Study Expense	\$ -	\$ -	\$ 96,390
	Debt Portal Expense	\$ 6,423	\$ -	\$ -
	Legal	\$ 21,376	\$ 29,940	\$ 13,613
	Banking and Debt Management Fees	\$ -	\$ -	\$ -
	All other Operating	\$ 7,287	\$ 51,521*	\$ 2,496
	Total Expenditures	\$ 313,753	\$ 345,296	\$ 387,656

*FY20 other operating expenses includes payment to FA for PawSox analysis

The Public Management Board
Summary of Debt Issurance by Quasi-Agency and The State of Rhode Island
Fiscal Year 2019

Agency	Bond Issuance	Date of Issurance	Maturity Date	Oringinal Issue Amount	PFMB Fee Due	Total Fee Received	Date Received
Rhode Island Commerce Corporation	Revenue Bonds – Historic Structures Tax Credit Financing Program 2019 Series A (Federally	4/11/2019	5/1/2028	\$76,925,000.00	\$19,231.25	\$19,231.25	5/1/2019
Rhode Island Health and Education Building Corporation	Higher Education Facility Revenue Bonds, Rhode Island School of Design	9/13/2018	8/15/2048	\$54,950,000.00	\$13,737.50	\$13,737.50	10/16/2018
Rhode Island Health and Education Building Corporation	Higher Education Facility Revenue Bonds Roger Williams University Issue,	10/19/2018	11/15/2039	\$8,750,000.00	\$2,187.50	\$2,187.50	10/19/2018
Rhode Island Health and Education Building Corporation	Educational Institution Revenue Bond (St. Andrew's School Issue -	10/31/2018	7/1/2048	\$20,000,000.00	\$5,000.00	\$5,000.00	10/31/2018
Rhode Island Health and Education Building Corporation	\$17,500,000 URI Educational and General Revenue Issue, Series 2018 A, and \$2,300,000 URI Auxiliary Enterprise	11/28/2018	5/15/2038	\$19,800,000.00	\$4,950.00	\$4,950.00	12/10/2018
Rhode Island Health and Education Building Corporation	Hospital Financing Revenue Bonds, South County Hospital Healthcare System Issue -	12/27/2018	12/1/2028	\$10,100,000.00	\$2,525.00	\$2,525.00	12/27/2018
Rhode Island Health and Education Building Corporation	Revenue Bonds, Achievement First Rhode Island Issue, Series 2019	1/31/2019	2/1/2045	\$9,500,000.00	\$2,375.00	\$2,375.00	N.A.
Rhode Island Health and Education Building Corporation	Educational Facility Revenue Refunding Bonds Meeting Street	12/31/2018	12/1/2047	\$5,000,000.00	\$1,250.00	\$1,250.00	5/22/2019

Rhode Island Health and Education Building Corporation	Public Schools Revenue Bond Financing Program Revenue Bonds Series	3/21/2019	5/15/2042	\$41,380,000.00	\$10,345.00	\$10,345.00	4/11/2019
Rhode Island Health and Education Building Corporation	Educational Institution Revenue Bonds (Mount Saint Charles Academy	5/1/2019	5/1/2040	\$3,700,000.00	\$925.00	\$925.00	5/1/2019
Rhode Island Health and Education Building Corporation	Educational Facilities Revenue Bond, Blackstone Valley Prep	4/26/2019	5/1/2049	\$16,000,000.00	\$4,000.00	\$4,000.00	4/26/2019
Rhode Island Health and Education Building Corporation	Educational Institution Revenue Refunding Bond Saint Raphael's Academy	5/1/2019	5/1/2049	\$3,121,000.00	\$780.25	\$780.25	5/1/2019
Rhode Island Health and Education Building Corporation	Educational Institution Revenue Bonds, Trinity Academy for the	5/31/2019	6/1/2050	\$6,500,000.00	\$1,625.00	\$1,625.00	6/6/2019
Rhode Island Health and Education Building Corporation	Public Schools Revenue Bond Financing Program Revenue Bonds, Series 2019 B (City of	6/11/2019	5/15/2039	\$17,975,000.00	\$4,493.75	\$4,493.75	6/11/2019
Rhode Island Health and Education Building Corporation	Higher Education Facilities Revenue Refunding Bonds (Brown University Issue - Series	6/20/2019	5/15/2042	\$54,560,000.00	\$13,640.00	\$13,640.00	7/18/2019
Rhode Island Health and Education Building Corporation	Providence Public Schools Revenue Bond Financing Program	6/4/2019	5/15/2039	\$20,000,000.00	\$5,000.00	\$5,000.00	6/25/2019
Rhode Island Housing and Mortgage Finance Corporation	Homeownership Opportunity Bonds, Series 69-A (AMT), Series 69-B (Non-AMT), Series	8/22/2018	4/1/2029	\$105,270,000.00	\$26,317.50	\$26,317.50	N.A.
Rhode Island Housing and Mortgage Finance Corporation	Multi-Family Mortgage Revenue Notes (Curtis Arms Apartments	9/13/2018	9/1/2051	\$14,000,000.00	\$3,500.00	\$3,500.00	N.A.

Rhode Island Housing and Mortgage Finance Corporation	G.O. Bonds, Series 2018	11/1/2018	11/1/2032	\$5,000,000.00	\$1,250.00	\$1,250.00	12/27/2018
Rhode Island Housing and Mortgage Finance Corporation	Homeownership Opportunity Bonds, Series 70 (Non-AMT)	6/7/2019	10/1/2031	\$122,750,000.00	\$30,687.50	\$30,687.50	6/28/2019
Rhode Island Industrial Facilities Corporation	Development Revenue Bonds Series 2019	3/6/2019	2/28/2039	\$9,000,000.00	\$2,250.00	\$2,250.00	2/28/2019
Rhode Island Infrastructure Bank	Refunding Revenue Bonds 2018 Series A	8/30/2018	9/1/2028	\$6,740,000.00	\$1,685.00	\$1,685.00	N.A.
Rhode Island Infrastructure Bank	Efficient Buildings Fund Revenue Bonds, Series	11/15/2018	12/1/2033	\$18,310,000.00	\$4,577.50	\$4,577.50	11/29/2018
Rhode Island Infrastructure Bank	Municipal Road and Bridge Revolving Fund Revenue Bonds, Series	4/23/2019	10/1/2035	\$15,440,000.00	\$3,860.00	\$3,860.00	5/2/2019
Rhode Island Infrastructure Bank	Safe Drinking Water Revolving Fund Revenue Bonds Series 2019 A (Green Bonds) and Safe Drinking Water Refunding Revenue	6/12/2019	7/1/2039	\$41,805,000.00	\$10,451.25	\$10,451.25	6/25/2019
Rhode Island Student Loan Authority	Revenue Bonds 2019 Senior Series A (AMT)	3/27/2019	7/1/2049	\$63,215,000.00	\$15,803.75	\$15,803.75	5/2/2019
State of Rhode Island and Providence Plantations	URI Energy Conservation Project - 2018 Series A) and (Eleanor Slater Hospital Project - 2018	10/23/2018	11/1/2033	\$30,295,000.00	\$7,573.75	\$7,573.75	11/1/2018
				Total Amount of Issuances	PFMB Fee Due	PFMB Collected	
				\$800,086,000.00	\$200,021.50	\$200,021.50	

**The Public Finance Management Board
Summary of Debt Issuance by Cities and Towns
Fiscal Year 2019**

City or Town	Bond Issuance	Original Issue Amount	PFMB Fee Percentage	PFMB Fee Due	Total Fee Received	Date Received
Town of Barrington	G.O. Efficient Buildings Bonds, 2018 Series B (Tax-Exempt) and GO Efficient Buildings Bonds, 2018 Series C (Federally Taxable)	\$2,500,000.00	0.00025	\$625.00	\$625.00	10/4/2018
Town of Barrington	Rhode Island General Obligation Road Bonds, 2018 Series A	\$3,500,000.00	0.00025	\$875.00	\$875.00	10/4/2018
Town of Barrington	G.O. Bond, 2017 Series B dated 10/3/17	\$6,159,000.00	0.00025	\$1,539.75	\$1,539.75	6/27/2019
Town of Bristol	General Obligation Bonds, Series 2018 A (Tax-Exempt)	\$5,250,000.00	0.00025	\$1,312.50	\$1,312.50	8/1/2018
Town of Bristol	G.O. Refunding Bonds	\$405,000.00	0.00025	\$101.25	\$101.25	8/1/2018
Town of Bristol	G.O. Refunding Bonds, 2017 Series A	\$2,270,000.00	0.00025	\$567.50	\$567.50	3/27/2019

Town of Bristol	Water System Revenue Bonds dated 8/10/17	\$5,325,000.00	0.00025	\$1,331.25	\$1,331.25	5/30/2019
Bristol County Water Au	General Revenue Bonds, 2018 Series B	\$3,850,000.00	0.00025	\$962.50	\$962.50	10/30/2018
City of Central Falls	General Obligation Municipal Road and Bridge Bonds	\$1,500,000.00	0.00025	\$375.00	\$375.00	4/23/2019
Town of Coventry	Rhode Island Wastewater System Revenue Refunding Bonds, 2018 Series A (Conduit Issue)	\$6,740,000.00	0.00025	\$1,685.00	\$1,685.00	8/30/2018
Town of Coventry	Rhode Island General Obligation Bonds, 2019 Series A	\$7,050,000.00	0.00025	\$1,762.50	\$1,762.50	3/27/2019
City of Cranston	G.O. Bonds, 2018 Series A	\$15,910,000.00	0.00025	\$3,977.50	\$3,977.50	7/24/2018
Cumberland	General Obligation Tax Anticipation Notes, 2019 Series 1	\$8,500,000.00	0.00025	\$2,125.00	\$2,125.00	2/28/2019
Cumberland Fire District	General Obligation Tax Anticipation Notes	\$500,000.00	0.00025	\$125.00	\$125.00	5/6/2019

City of East Providence	Rhode Island Water System Revenue Bonds, 2018 Series A	\$2,000,000.00	0.00025	\$500.00	\$500.00	10/31/2018
City of East Providence	Rhode Island General Obligation Tax Anticipation Notes	\$17,500,000.00	0.00025	\$4,375.00	\$4,375.00	3/28/2019
Harrisville Fire District	\$2,850,000 General Obligation Bonds	\$2,850,000.00	0.00025	\$712.50	\$712.50	1/31/2019
Hope Valley-Wyoming Fire District	Hope Valley-Wyoming Fire District, General Obligation Bond (USDA Project)	\$734,000.00	0.00025	\$183.50	\$183.50	8/3/2018
Town of Hopkinton	Rhode Island General Obligation Bonds, 2019 Series A	\$1,805,000.00	0.00025	\$451.25	\$451.25	3/27/2019
Town of Lincoln	General Obligation Refunding Bonds 2018 Series A	\$3,620,000.00	0.00025	\$905.00	\$905.00	9/12/2018
Town of Lincoln	General Obligation Bond Anticipation Notes, 2018, Series 1	\$25,000,000.00	0.00025	\$6,250.00	\$6,250.00	10/12/2018
Town of Narragansett	General Obligation Bonds, Series 2019 A	\$5,000,000.00	0.00025	\$1,250.00	\$1,250.00	5/8/2019

Narragansett Bay Comm	Wastewater Revenue Bonds, 2019 Series A	\$35,000,000.00	0.00025	\$8,750.00	\$8,750.00	4/4/2019
Narragansett Bay Comm	Wastewater Revenue Bonds, 2019 Series B	\$10,000,000.00	0.00025	\$2,500.00	\$2,500.00	4/4/2019
New Shoreham	General Obligation Taxable bond Anticipation Notes	\$1,800,000.00	0.00025	\$450.00	\$450.00	10/30/2018
New Shoreham	General Obligation Clean Water Bonds	\$1,995,000.00	0.00025	\$498.75	\$498.75	11/14/2018
Town of North Kingstown	G.O. Efficient Building Funds Bonds	\$5,790,000.00	0.00025	\$1,447.50	\$1,447.50	9/27/2018
Town of North Kingstown	General Obligation Refunding Bonds 2018 Series A	\$935,000.00	0.00025	\$233.75	\$233.75	11/15/2018
Town of North Kingstown	General Obligation Bonds, 2019 Series A	\$7,045,000.00	0.00025	\$1,761.25	\$1,761.25	6/19/2019
Town of North Kingstown	General Obligation Bond Anticipation Notes, 2019 Series 1	\$760,000.00	0.00025	\$190.00	\$190.00	6/19/2019

North Smithfield	\$4,300,000 General Obligation Bonds, 2019 Series A	\$4,300,000.00	0.00025	\$1,075.00	\$1,075.00	4/30/2019
City of Pawtucket	Rhode Island General Obligation Road Bonds, 2019 Series A dated May 2, 2019	\$2,000,000.00	0.00025	\$500.00	\$500.00	5/2/2019
City of Pawtucket	Rhode Island General Obligation Bonds 2019 Series B	\$17,975,000.00	0.00025	\$4,493.75	\$4,493.75	6/11/2019
City of Pawtucket	Rhode Island General Obligation Bonds, 2019 Series C and & D	\$19,645,000.00	0.00025	\$4,911.25	\$4,911.25	6/11/2019
Portsmouth Water and Fire District	General Obligation Drinking Water Bonds (Limited Tax)	\$3,100,000.00	0.00025	\$775.00	\$775.00	6/27/2019
City of Providence	Rhode Island Water System Revenue Bonds, 2019 Series A	\$14,700,000.00	0.00025	\$3,675.00	\$3,675.00	6/27/2019
Providence Public Buildings Authority	(Capital Improvement Program Projects) Revenue Bonds, 2019 Series A	\$20,000,000.00	0.00025	\$5,000.00	\$5,000.00	6/4/2019
Providence Public Buildings Authority	(Capital Improvement Program Projects) Revenue Bonds, 2019 Series B	\$10,000,000.00	0.00025	\$2,500.00	\$2,500.00	6/13/2019

Tiverton Wastewater District	\$900,000 General Obligation Bond Anticipation Note	\$900,000.00	0.00025	\$225.00	\$225.00	10/4/2018
Town of Warren	General Obligation Municipal Road and Bridge Bonds	\$2,000,000.00	0.00025	\$500.00	\$500.00	10/22/2018
Wesquage Community District	\$1,250,000 General Obligation Term	\$1,250,000.00	0.00025	\$312.50	\$312.50	12/4/2018
Town of Westerly	\$15,000,000 General Obligation Municipal Road and Bridge Bonds	\$15,000,000.00	0.00025	\$3,750.00	\$3,750.00	4/23/2019
City of Woonsocket	City of Woonsocket, Rhode Island Water System Revenue Bonds, Series 2018 B	\$15,500,000.00	0.00025	\$3,875.00	\$3,875.00	10/23/2018
City of Woonsocket	City of Woonsocket, Rhode Island Water System Revenue Bonds, Series 2018 A	\$27,292,496.02	0.00025	\$6,823.12	\$6,823.12	6/12/2019
		Total Amount of Issuances		PFMB Fee Due	PFMB Collected	
		\$344,955,496.02		\$86,238.87	\$86,238.87	

PFMB FY 2019 Meeting Minutes



Public Finance Management Board
Regular Meeting Minutes
September 13, 2018
10:30 a.m.
1 Capitol Hill, Providence, RI 02908

A meeting of the members of the Public Finance Management Board (“PFMB”) was held on Thursday September 13th, 2018 at 10:30 a.m. in the Executive Conference Room of the DOA Building at 1 Capitol Hill, Providence, Rhode Island, pursuant to duly posted public notice of the meeting and notice duly provided to all members.

I. Call to Order

The meeting was called to order at 10:34 a.m.

II. Roll Call of Members

The following members were present: Mr. Doug Jacobs, Mr. Shawn Brown, Mr. Robert Mancini, Ms. Patricia Anderson, Mr. James Thorsen and Treasurer Magaziner.

The following members were absent: Ms. Maribeth Williamson, Mr. Michael DiBiase, Mr. Joe Reddish.

Also in attendance: Ms. Kelly Rogers, Deputy Treasurer for Public Finance and Policy; Mr. Frank Quinn, Director of Debt Management; Mr. Jay Gowell Esq. Legal Counsel from Pannone Lopes Devereaux & O’Gara LLC; Robert Soloman, President of Beekman Securities; Michelle Bergin, Counsel to WWHA; John Tatum, Partner of Fairstead Affordable; Billy Kreinik, Associate of Fairstead Affordable; Carolyn Medina, Medina Legal Services; and other members of the Treasurer’s Staff.

Ms. Janet Lee and Mr. Thomas Huestis, Public Resources Advisory Group (PRAG) and Mr. David Kausch, GRS Consulting, participated via conference call.

Mr. Robert Mancini left at 11:48 a.m.

III. Approval of Minutes

Treasurer Magaziner moved to the first agenda item:

Consideration to approve the Public Finance Management Board Minutes for May 10th, 2018.

On a motion by Mr. Jacobs and seconded by Mr. Mancini, it was unanimously
VOTED: To approve the minutes of the May 10th, 2018 PFMB Regular Meeting.

IV. Request for Volume Cap Approval

Mr. Robert Soloman of Beekman Securities and Mr. John Tatum of Fairstead Affordable spoke on behalf of West Warwick Housing Authority and presented an overview regarding their request for a \$14 million-dollar volume cap allocation. This allocation will be used in financing the cost of acquiring, rehabilitating,

and preserving a multifamily residential rental housing facility, Echo Valley Apartments. Mr. Tatum provided the financial scope of the project and the structure of the bonding. Mr. Jacobs asked whether there was any liability on West Warwick Housing Authority to which Mr. Tatum reassured there was none. The Board asked questions and Mr. Tatum also explained the process of the allocation, typical debt service coverage, and tax credits issued for the project.

On a motion by Mr. Jacobs and seconded by Mr. Brown, it was unanimously
VOTED: To approve the resolution for request by West Warwick Housing Authority for \$14M Volume Cap Allocation.

V. Chairman's Report

Mr. Quinn provided an update on the Municipal Training Sessions being held by the Office of the General Treasurer. In July, the second session was held at The New England Institute of Technology and covered best practices in ratings agency relations. The next session will be held October 10 covering investment of bond proceeds and cash management. CPE credits will be offered to attendees that qualify. The last session of the year will be held in December.

Mr. Quinn also presented an update on the Bondlink transparency web portal, which was launched over the summer.

Ms. Rogers reported on upcoming issuance plans. The State plans to go to market in the late fall regarding a lease participation certificate deal for approximately \$33 million dollars. The proceeds will be used for energy conservation measures at the University of Rhode Island as well as updates to Eleanor Slater Hospital. The deal will be done on a competitive basis and rating agency calls will be held in the coming weeks.

VI. Discussion of 2018-2019 Debt Affordability Study

Ms. Rogers outlined the progress being made on the next iteration of the Debt Affordability Study (DAS).

Following suggestions made by the Board to include Other Post-Employment Benefits (OPEB) in the next iteration of the Study, Ms. Rogers presented a high-level overview of OPEB liabilities. She provided different examples of how OPEB liabilities have been measured and how Rhode Island compares to other states. Ms. Janet Lee and Mr. Thomas Huestis of PRAG presented information on rating agency treatment of OPEB and how they score and incorporate OPEB into state ratings. Mr. David Kausch of GRS then provided his analysis of OPEB and how it is different from other types of debt.

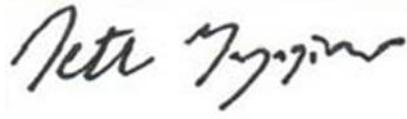
Ms. Rogers presented state revenue and personal income model projections, which will also be important in calculating the state's borrowing capacity in the study.

Treasurer Magaziner opened the floor to other business. There being none, Treasurer Magaziner entertained a motion to adjourn the meeting.

On a motion by Mr. Jacobs and seconded by Mr. Brown, it was unanimously
VOTED: To adjourn the meeting.

There being no further business, the meeting adjourned at 12:02 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Seth Magaziner", enclosed in a light gray rectangular box.

**Seth Magaziner,
General Treasurer**



Public Finance Management Board
Regular Meeting Minutes
December 14, 2018
9:00 a.m.
1 Capitol Hill, Providence, RI 02908

A meeting of the members of the Public Finance Management Board (“PFMB”) was held on Friday December 14th, 2018 at 9:00 a.m. in the Executive Conference Room of the DOA Building at 1 Capitol Hill, Providence, Rhode Island, pursuant to duly posted public notice of the meeting and notice duly provided to all members.

I. Call to Order

The meeting was called to order at 9:02 a.m.

II. Roll Call of Members

The following members were present: Mr. Doug Jacobs, Ms. Maribeth Williamson, Mr. Robert Mancini, Ms. Patricia Anderson, Mr. Joe Reddish and Treasurer Magaziner.

Mr. Michael DiBiase arrived at 9:06 a.m., Mr. Shawn Brown arrived at 9:29 a.m.

The following members were absent: Mr. James Thorsen.

Also in attendance: Ms. Kelly Rogers, Deputy Treasurer for Public Finance and Policy; Mr. Frank Quinn, Director of Debt Management; Mr. Jay Gowell Esq. Legal Counsel from Pannone Lopes Devereaux & O’Gara LLC; Ms. Janet Lee, Public Resources Advisory Group (PRAG); Mr. Paul Dion, Chief of the Office of Revenue Analysis; Mr. Charles Kelley, Executive Director of Rhode Island Student Loan Authority (RISLA); Mr. Noel Simpson, Chief Financial Officer of RISLA; Ms. Barbara Fields, Executive Director of Rhode Island Housing (RI Housing); Ms. Kara Lachapelle, Chief Financial Officer for RI Housing; Ms. Sara Sanders, Director of Finance for RI Housing and other members of the Treasurer’s Staff.

Mr. Michael Lynch, IHS Markit, participated via conference call.

Mr. Robert Mancini left at 10:12 a.m.

III. Approval of Minutes

Treasurer Magaziner moved to the first agenda item:

Consideration to approve the Public Finance Management Board Minutes for September 13, 2018.

On a motion by Mr. Jacobs and seconded by Mrs. Williamson, it was unanimously

VOTED: To approve the minutes of the September 13th, 2018 PFMB Regular Meeting.

IV. Request for Volume Cap Approval

Mr. Gowell provided an overview of the volume cap allocation and carryforward program and process. Mr. Simpson gave an update on RISLA's financials and discussed how the additional volume cap will fund programs.

Ms. Fields spoke on behalf of RI Housing. She discussed the organization's operations and future issuance plans.

On a motion by Mr. DiBiase and seconded by Mr. Reddish, it was unanimously

VOTED: To allocate a portion of residual volume cap and allow carryforward of the same amount in the amount of \$70 million to RISLA and \$227.375 million to RI Housing.

V. Discussion of 2018-2019 Debt Affordability Study

Treasurer Magaziner reminded the Board the Debt Affordability Study (DAS) discussion would focus on key decision points and advisory limits for Part 1, state-tax supported debt, with the Board selecting assumptions and recommended affordability limits.

Ms. Rogers presented debt capacity materials. The State's Budget Office and PRAG each provided recommendations. The Board decided to use PRAG's recommended assumptions of 1.5% and 3.0% for general revenue and personal income growth in forecasting state debt capacity.

Ms. Rogers provided staff recommendations for limits concerning debt-only affordability metrics. The Board asked questions and it was decided to change the existing "Debt Service on Tax-Supported Debt to General Revenues" recommended limit, which previously read "not to exceed 7.5% within the next 5 years and 7.0% thereafter," to "Not to exceed 7.0%". The Board agreed to keep the existing target set in the 2017 DAS, that Tax-Supported Debt to Income should not exceed 4.0%.

Ms. Rogers proposed two new recommended limits for total state liabilities. The Board supported adding OPEB to debt service and pension limits, but requested more information before rendering a decision on what the recommended total state liabilities will be.

Ms. Rogers summarized proposed recommendations for rapidity of repayment and ARC funding. The Board asked questions and agreed to recommend the State should continue to fund 100% of its pension ARC and OPEB ARC.

VI. Approval of 2019 PFMB Meeting Schedule

Treasurer Magaziner presented the 2019 PFMB Meeting Schedule to the Board.

On a motion by Mr. Jacobs and seconded by Mr. Reddish, it was unanimously

VOTED: To approve the 2019 Meeting Schedule.

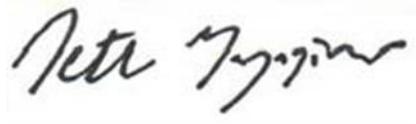
Treasurer Magaziner opened the floor to other business. There being none, Treasurer Magaziner entertained a motion to adjourn the meeting.

On a motion by Mr. Jacobs and seconded by Mr. Brown, it was unanimously

VOTED: To adjourn the meeting.

There being no further business, the meeting adjourned at 10:15 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Seth Magaziner". The signature is written in a cursive style with a prominent initial "S" and a long, sweeping underline.

**Seth Magaziner,
General Treasurer**



Public Finance Management Board
Regular Meeting Minutes
January 31, 2019
9:00 a.m.
1 Capitol Hill, Providence, RI 02908

A meeting of the members of the Public Finance Management Board (“PFMB”) was held on Thursday January 31st, 2019 at 9:00 a.m. in the Executive Conference Room of the DOA Building at 1 Capitol Hill, Providence, Rhode Island, pursuant to duly posted public notice of the meeting and notice duly provided to all members.

I. Call to Order

The meeting was called to order at 9:02 a.m.

II. Roll Call of Members

The following members were present: Mr. Doug Jacobs, Ms. Maribeth Williamson, Mr. Robert Mancini, Ms. Patricia Anderson, Mr. Joe Reddish, Mr. James Thorsen, Mr. Michael DiBiase and Treasurer Magaziner.

Mr. Shawn Brown arrived at 9:18 a.m.

Also in attendance: Ms. Kelly Rogers, Deputy Treasurer for Public Finance and Policy; Mr. Frank Quinn, Director of Debt Management; Mr. Jay Gowell Esq. Legal Counsel from Pannone Lopes Devereaux & O’Gara LLC; and other members of the Treasurer’s Staff.

Ms. Janet Lee and Mr. Thomas Huestis, Public Resources Advisory Group, participated via conference call.

III. Approval of Minutes

Treasurer Magaziner moved to the first agenda item:

Consideration to approve the Public Finance Management Board Minutes for December 14, 2018.

On a motion by Ms. Williamson and seconded by Mr. Reddish, it was unanimously

VOTED: To approve the minutes of the December 14th, 2018 PFMB Regular Meeting.

IV. 2019 Debt Affordability Study: Approval of Part I Metrics

At the December meeting, the Board requested additional information before adopting recommended limits for total combined state liabilities. Ms. Rogers provided a memo with further guidance on the rationale behind each recommendation. Using AA rating agency guidelines and historical data, staff recommended the following limits: that Debt Service + Pension ARC + OPEB ADC not exceed 18% of General Revenues, that Debt + Pension Liability + OPEB Liability not to Exceed 12% of Personal Income and that the Board maintain the prior report’s recommendation that rapidity of debt repayment be at least 50% in 10 years.

On a motion by Mr. Jacobs and seconded by Mr. Mancini, it was unanimously
VOTED: To approve recommended limits for total combined state liabilities and rapidity of repayment in Part I of the 2019 Debt Affordability Study.

V. 2019 Debt Affordability Study: Discussion of Part II

Ms. Rogers explained how Part II of the Debt Affordability Study (DAS) focuses on quasi-public agency debt. The goal is to determine appropriate debt limits for each agency by reviewing types of borrowing, rating agency criteria and peer comparisons.

Ms. Rogers then proceeded to lead the Board through each of the nine quasi-public agencies, outlining outstanding debts, credit ratings, current coverage levels, capital plans, total long-term liabilities and staff recommendations for debt affordability limits. Preliminary advisory limits have been shared with each of the 9 agencies, and their feedback was documented.

The Board asked questions, provided feedback regarding the staff recommended debt limits in Part II, and agreed to hold a formal vote in February.

VI. Discussion of 2019 PFMB Meeting Schedule

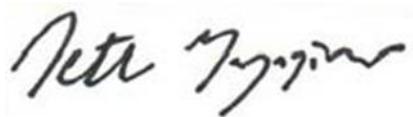
Treasurer Magaziner presented a revised 2019 PFMB Meeting Schedule to the Board.

Treasurer Magaziner opened the floor to other business. There being none, Treasurer Magaziner entertained a motion to adjourn the meeting.

On a motion by Mr. Mancini and seconded by Mr. Thorsen, it was unanimously
VOTED: To adjourn the meeting.

There being no further business, the meeting adjourned at 10:00 a.m.

Respectfully submitted,



**Seth Magaziner,
General Treasurer**



Public Finance Management Board
Regular Meeting Minutes
February 22, 2019
9:00 a.m.
50 Service Avenue, Warwick, RI 02886

A meeting of the members of the Public Finance Management Board (“PFMB”) was held on Friday February 22nd, 2019 at 9:00 a.m. in the Large Conference Room at 50 Service Avenue, Warwick, Rhode Island, pursuant to duly posted public notice of the meeting and notice duly provided to all members.

I. Call to Order

The meeting was called to order at 9:05 a.m.

II. Roll Call of Members

The following members were present: Mr. James Thorsen, Mr. Doug Jacobs, Ms. Maribeth Williamson, Mr. Joe Reddish, Mr. Robert Mancini, and Treasurer Magaziner.

Mr. Shawn Brown arrived at 9:10 a.m.

The following members were absent: Ms. Patricia Anderson and Mr. Michael DiBiase

Also in attendance: Ms. Kelly Rogers, Deputy Treasurer for Public Finance and Policy; Mr. Frank Quinn, Director of Debt Management; Mr. Jay Gowell Esq. Legal Counsel from Pannone Lopes Devereaux & O’Gara LLC; William Ash, Managing Director of Finance Services for Rhode Island Commerce Corporation (RICC) and Treasurer for Rhode Island Industrial Facilities Corporation (RIIFC), Tom Moses, General Counsel, Moses & Ryan, Alison Albanese, Bond Counsel, Mack Law Associates, Domenic Lapati, CFO, Key Container Corporation, and other members of the Treasurer’s Staff.

Ms. Janet Lee, Public Resource Advisory Group, participated via conference call.

III. Approval of Minutes

Treasurer Magaziner moved to the first agenda item:

Consideration to approve the Public Finance Management Board Minutes for January 31, 2019.

On a motion by Mr. Jacobs and seconded by Ms. Williamson, it was unanimously

VOTED: To approve the minutes of the January 31st, 2019 PFMB Regular Meeting.

IV. Request for Volume Cap Approval

Mr. William Ash and Mr. Tom Moses spoke on behalf of Rhode Island Industrial Facilities Corporation (RIIFC) and presented an overview regarding their request for a \$9 million-dollar volume cap allocation. Mr. Ash and Mr. Moses answered questions raised by the Board and explained the conduit lease financing structure of RIIFC’s bonds and provided the financial scope of the agency and the new project.

On a motion by Mr. Jacobs and seconded by Mr. Reddish, it was unanimously
VOTED: To approve the request by Rhode Island Industrial Facilities Corporation for \$9M Volume Cap Allocation.

V. 2019 Debt Affordability Study: Approval of Part I

Treasurer Magaziner reminded the Board that recommended borrowing limits have been approved and the vote would pertain to final language for the Part I: state tax-supported debt.

Mr. Jacobs asked if there has been feedback from other states regarding methodology and conclusions brought on by the Debt Affordability Study. Ms. Rogers explained feedback has been positive and that at least one other state has inquired about Rhode Island's methodology.

On a motion by Mr. Jacobs and seconded by Mr. Thorsen, it was unanimously
VOTED: To approve the 2019 Debt Affordability Study Part I.

VI. 2019 Debt Affordability Study: Approval of Part II

Treasurer Magaziner moved to the next item on agenda, approval of Part II: quasi-public debt. Like Part I, Part II recommended borrowing limits have been approved.

Additive suggestions were made by the Board. The Board suggested giving each quasi-agency another opportunity to review the final version of their respective sections before publishing. Mr. Jacobs proposed the idea of adding guidance concerning a largest borrower threshold for Rhode Island Infrastructure Bank and Mr. Thorsen recommended an executive summary be drafted that captures key takeaways and changes made from the 2017 study. Staff will assemble materials regarding each suggestion and present to the Board at the next meeting.

On a motion by Mr. Mancini and seconded by Mr. Reddish, it was unanimously
VOTED: To approve the 2019 Debt Affordability Study Part II with the understanding staff will provide supplementary materials to the additive suggestions made by the Board.

VII. 2019 Debt Affordability Study: Discussion of Part III

Ms. Rogers summarized materials regarding recommended limits for Part III: municipalities, regional authorities, fire districts and other special district debt. State statutory limitations for municipalities, as well as rating agency debt and liability measures used by rating agencies were considered when developing the recommendations. Staff suggested no change in debt-only recommended ratios and limits, keeping Net Direct Debt to Assessed Value at 3% and Overall Net Debt to Assessed Value at 4 %. However, in adding OPEB to the Overall Debt + Net Pension Liability + OPEB Liability to Assessed Value ratio, staff recommended increasing the limit to 9.2%. Ms. Rogers presented a new carrying cost ratio: Debt Service + Pension ADC + OPEB Required Payments / Government Expenditures. The Board determined this limit should be adjusted to 22.5%

The Board provided feedback and stressed the importance of educating municipalities in understanding the implications of the data presented within the Debt Affordability Study. The Board proposed the idea of aiding municipalities by offering training sessions geared towards pension and OPEB liabilities. Staff will return to the next meeting with ideas regarding education programs for not only finance directors, but town council members, elected officials, and policy makers.

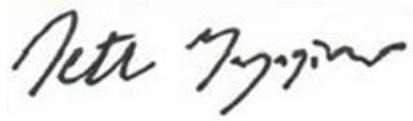
With consensus on key takeaways and Part III metrics, it was decided a March PFMB was no longer needed and the group would review Part III in April with the rest of the Study.

Treasurer Magaziner opened the floor to other business. There being none, Treasurer Magaziner entertained a motion to adjourn the meeting.

On a motion by Mr. Mancini and seconded by Ms. Williamson, it was unanimously **VOTED: To adjourn the meeting.**

There being no further business, the meeting adjourned at 10:17 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Seth Magaziner", written in a cursive style.

**Seth Magaziner,
General Treasurer**

FY 2019 Ratings Reports

Rating Action: Moody's assigns Aa2 to Rhode Island's 2019 Series C, D & E GO bonds; outlook stable

26 Nov 2019

New York, November 26, 2019 -- Moody's Investors Service has assigned a Aa2 rating to the State of Rhode Island's general obligation bonds Consolidated Capital Development Loan of 2019, Series C (Tax-Exempt), Series D (Federally Taxable), and Capital Development Loan of 2019, Refunding Series E (Tax-Exempt). The Series C, Series D and Series E bonds will be issued in the amounts of \$135.5 million, \$17.5 million, and \$69.1 million respectively. The bonds are expected to sell on December 19th. The outlook is stable.

RATINGS RATIONALE

Rhode Island's Aa2 rating incorporates the state's strong financial management practices, including multi-year financial planning, consensus revenue forecasting and consistent maintenance of reserves resulting in positive general fund balances; and its improving liquidity. The rating also reflects an economy that has long lagged the nation's and is accompanied by weak demographics and comparatively high combined debt and pension liabilities.

RATING OUTLOOK

The stable outlook reflects the state's success in shoring up its finances through maintenance of adequate available reserves, well-managed liquidity, and careful preparation for the impact on state revenues of gaming expansion in Massachusetts.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Further reduction in overall liability levels
- Sustained economic improvement at least in line with national average based on various metrics including diversification and job growth

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Deterioration of state's liquidity position accompanied by worsening reserve and balance sheet position
- Return to budgeting practices that rely on significant nonrecurring resources

LEGAL SECURITY

The bonds are a general obligation of the state, backed by a pledge of its full faith and credit.

USE OF PROCEEDS

The 2019 Series C and Series D bonds will be used to finance various capital purposes of the state. The Refunding Series E bonds will refund all outstanding 2010 Series C Recovery Zone Economic Development Bonds for present value savings, which are frontloaded in fiscal 2020 and 2021.

PROFILE

Rhode Island is a small state with a population of just 1.06 million, the 44nd largest. The economy is commensurately small, with total personal income of about \$57.9 billion, ranking 43rd nationally.

METHODOLOGY

The principal methodology used in these ratings was US States and Territories published in April 2018. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

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CREDIT OPINION

4 April 2019

 Rate this Research

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Rhode Island (State of)

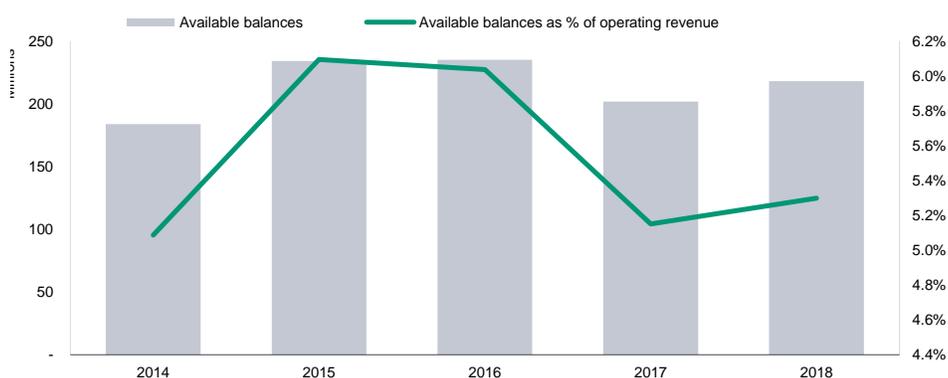
Update to credit analysis

Summary

[Rhode Island](#) (Aa2 stable) has strong financial management practices, including multi-year financial planning, consensus revenue forecasting and consistent maintenance of reserves resulting in positive general fund balances. The management practices have helped to shore up the state's finances in the face of an economy that has long lagged the nation's and is accompanied by weak demographics and above-average combined debt and pension liabilities.

Exhibit 1

Strong financial management in Rhode Island results in consistent reserves



Source: Rhode Island CAFRs; Moody's Investors Service

Credit strengths

- » Institutionalized governance practices such as semi-annual consensus revenue estimating conferences and out year budget planning
- » Protecting operating margins and reserves through spending cap and uses of surplus

Credit challenges

- » Long-term economic and demographic underperformance with below-average long-term employment growth rates
- » Above-average dependence on lottery and gaming revenues in saturated market
- » High pension and debt liabilities, although improved after significant reforms

Rating outlook

The stable outlook reflects the state's success in shoring up its finances through maintenance of adequate available reserves, well-managed liquidity, and careful preparation for the impact on state revenues of gaming expansion in Massachusetts.

Factors that could lead to an upgrade

- » Further reducing overall liability levels
- » Sustained economic improvement at least in line with national average based on various metrics including diversification and job growth

Factors that could lead to a downgrade

- » Deterioration of state's liquidity position accompanied by worsening reserve and balance sheet position
- » Return to budgeting practices that rely on significant nonrecurring resources

Key indicators

Rhode Island (State of)	2013	2014	2015	2016	2017	50-State Median (2017)
Operating Fund Revenues (000s)	\$3,518,362	\$3,615,540	\$3,841,605	\$3,894,896	\$3,918,594	\$11,064,791
Available Balances as % of Operating Fund Revenues	5.2%	5.1%	6.1%	6.0%	5.2%	4.6%
Nominal GDP (billions)	\$53.2	\$54.6	\$56.8	\$57.9	\$59.3	\$224.4
Nominal GDP Growth	3.0%	2.6%	4.2%	1.8%	2.5%	3.9%
Total Non-Farm Employment Growth	1.3%	1.5%	1.4%	0.9%	1.0%	1.0%
Fixed Costs as % of Own-Source Revenue	NA	NA	13.8%	11.7%	12.5%	NA
Adjusted Net Pension Liabilities (000s)	\$6,816,460	\$5,156,655	\$5,120,129	\$5,671,589	\$6,741,527	\$12,033,341
Net Tax-Supported Debt (000s)	\$2,170,484	\$2,088,715	\$1,961,450	\$2,262,378	\$2,318,173	\$4,450,975
(Adjusted Net Pension Liability + Net Tax-Supported Debt) / GDP	16.9%	13.3%	12.5%	13.7%	15.3%	8.3%

Source: Moody's Investors Service; Rhode Island Financial Statements

Profile

Rhode Island is a small state with a population of just 1.06 million, the 44nd largest. The economy is commensurately small, with total personal income of about \$55.9 billion, ranking 43rd nationally.

Detailed credit considerations

Economy: Steady growth after very slow recovery

Rhode Island has been slowly transitioning from a manufacturing-based to a service-based economy. It has generally underperformed the nation as well as most of its New England neighbors, which also tend to lag the US, and the state suffered especially steep job losses and an arduous recovery from the Great Recession. Although slow to gain steam, the state's economy has recovered the jobs lost during the recession.

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The aggregate numbers mask the state's underlying shift into services. As of February, employment in professional and business services was about 18% higher than the peak prior to the recession, while leisure and hospitality and education and health care have also more than regained jobs lost during the downturn.

Rhode Island benefits from its proximity to the [Boston](#) (Aaa stable) metro area, which has experienced robust growth stemming from its life sciences, professional and business services, and education and health sectors.

The state's pace of job growth has slowed from 1.5% in 2014 to just 0.6% in 2018, echoing a slowdown in neighboring [Massachusetts](#) (Aa1 stable). Rhode Island's labor market has tightened considerably, with the unemployment rate plummeting from double-digit highs in 2011 and 2012 to 3.9% in February, on par with the nation's.

With slow population growth and a declining labor force participation rate, it will be difficult for the state's economy to pick up the recent pace. Rhode Island's five-year annual average population growth rate is .04%, below the middle of the pack in slow-growing New England (see Exhibit 3). The slight growth is an improvement from population losses suffered during the downturn.

Exhibit 3

Rhode Island's 2018 population growth bests Connecticut and Vermont but lags other New England states



Source: US Bureau of the Census

The state's total personal income growth has also lagged the US over the long term, although on a per-capita basis, personal income in Rhode Island exceeds the nation (\$55,934 vs \$49,831 in 2017). The state's relatively high per-capita personal income reflects its aging population, among other factors. From 2010 to 2017, total annual personal income growth averaged 3% in the state compared to the nation's 4.3% pace.

The November 2018 Revenue Estimating Conference (REC) forecast sets the stage for a softening economic picture. The REC projected employment growth of 1.1% in calendar year 2019 and 0.7% in 2020, with growth tapering to small declines in 2023 and 2024. These forecasts are optimistic because they were made before US Bureau of Labor Statistics benchmark revisions reduced the state's calendar year 2018 employment growth to 0.6%.

The unemployment rate is projected to edge up from 3.9% in 2018 to 5% by 2024. The personal income growth forecast also reflects a slowing trend, subsiding from 4.3% to 3.7% by 2023.

Environmental considerations

Rhode Island is [more exposed](#) to climate risk than most other states, with 100% of its counties located on the coast. This raises the state's exposure to sea level rise and coastal storms. The state is taking steps to both reduce its greenhouse gas emissions and improve resiliency to climate risks. The legislature created a mandate in 2014 to reduce greenhouse gas emissions 80% by 2050 featuring a substantial increase in the use of clean and renewable energy, including a yet-to-be approved offshore wind project. Governor Raimondo also appointed a chief resiliency officer to create and implement a resiliency and emergency-preparedness strategy for the state's water, power, and transportation-related infrastructure as well as coastal and inland natural resources.

Finances and Liquidity: Conservative forecasting and spending control yield surpluses in recent years

Rhode Island's strengthened financial management practices will keep the state on a stable financial path as the state seeks to balance its need to invest in the future with its economic constraints. Rhode Island maintained positive available fund balances (unassigned balances including reserves) throughout the recent recession. Fund balances reached a low of 0.6% of revenues in 2009 but have stayed above 5% of operating revenues for at least five years.

Rhode Island's constitution requires the state to appropriate less than projected revenues, using the resulting surplus balance to fund a budget reserve account (BRF), which we consider a credit strength for the state. This requirement was strengthened by a 2006 constitutional change increasing the BRF cap to 5% from 3% of revenues and lowering the state's appropriation cap to 97% from 98% of revenues. If the BRF is fully funded, excess revenues flow into a capital account (RICAP). The constitutional change also restricted the use of this fund to capital purposes. The June 30, 2018, BRF balance was \$198.5 million and is projected at \$203.1 million on June 30, 2019. The BRF has reached its 5% cap, so an excess amount of \$117 million is expected to be transferred into the capital account by the end of fiscal 2019 and similar annual transfers are projected through fiscal 2024.

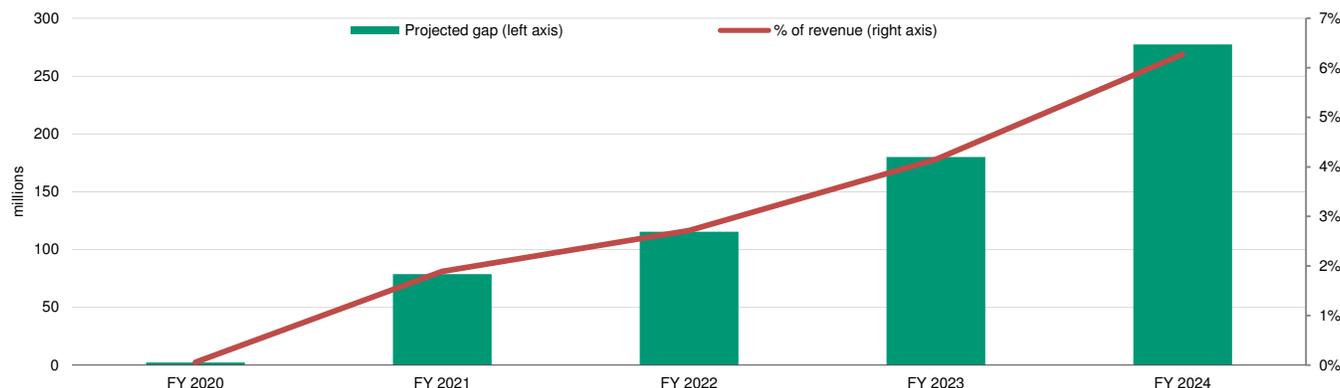
On a budgetary basis, the state's fiscal 2018 total ending general fund balance was \$52.5 million. While the state budgets conservatively and has typically ended the year with substantially higher surpluses than originally projected, the year-end surpluses have declined from a high of \$167 million in fiscal 2017. This use of fund balance as well as routine fund transfers is an indicator of recurring, although not large, structural imbalance. For fiscal 2019, the projected ending balance is only \$2.9 million, and the state's projected fiscal 2020 ending balance is a very slim \$688,000.

Year-to-date, revenues have underperformed estimates agreed upon at the November Revenue Estimating Conference (REC), with total revenues through February behind projections by 1.4%. However, collections are running more than 6% higher than last year at this time. Like many states, Rhode Island is still sorting out the impacts of federal tax reform on state tax payments, which include changes in the timing of when people remit installment payments. Calendar 2018 was not a good year for the equity markets, which has likely depressed capital gains income. Underlying personal income tax withholding payments, a concurrent indicator of economic activity, were about 1.7% below the forecast through February, which is consistent with the lower-than-expected growth in state employment in 2018.

Lottery revenues were the fourth largest revenue source for the state's general revenue budget in fiscal 2018, accounting for nearly 9% of cash collections. Neighboring Massachusetts has been expanding its casinos, some of which compete with Rhode Island's facilities. Rhode Island has commissioned two studies to estimate the impacts that this competition will have on state revenue to inform its fiscal planning. The state legislature also legalized sports betting, which became operational in November.

The Executive Budget projects gaps growing from about \$80 million in fiscal 2021 to \$277 million in fiscal 2024, about 6.3% of projected available general revenue (see Exhibit 4). The state has successfully managed through such gaps in the past, but they could become more challenging if the state's economy softens further.

Exhibit 4

Rising budget gaps could prove challenging if economy slows

Source: Rhode Island Office of Management and Budget

Governor Raimondo's fiscal 2020 budget recommendation increases spending 3.2% from revised fiscal 2019 general revenue appropriations. The budget focuses on continuing to promote the governor's emphasis on education, infrastructure and economic development and introduces a proposal for universal pre-K.

LIQUIDITY

The state's liquidity position has been consistently satisfactory for several years due to improved management and rebuilding of reserves. The state has not issued cash flow notes since 2012 and has no plans to do so in fiscal 2019 or fiscal 2020. Prior to 2013, the state issued tax anticipation notes in all but 6 of 23 years.

Debt and Pensions: Liabilities are above average but reforms and controls should bring long term improvement

Rhode Island will continue its recent record of closely managing its debt, which it has reduced relative to its economy over the long term but remains above the national average. At the end of 2017, the state had about \$2.3 billion in tax supported debt, compared to \$1.96 billion just two years earlier due to infrastructure initiatives, but economic growth has kept debt ratios relatively steady. In our 2018 [Debt Medians](#), the state's total tax-supported debt was ranked 12th highest as a percent of state GDP (at 3.65%) compared to the 50-state median of 2.16%, after ranking 10th highest the previous year. A debt affordability study sponsored by the state published in April 2017 recommended caps on debt and debt service that are somewhat greater than current levels.

DEBT STRUCTURE

Of the state's outstanding net tax-supported debt, 47% is general obligation debt. About a quarter of the state's outstanding debt is secured by annual legislative appropriation and includes leases, certificates of participation, moral obligations, and a privately placed bank loan of about \$38 million. As of December 31, 2017 the state had \$680 million in highway bonds, including GARVEEs backed by federal highway grant payments and bonds backed by the state's motor fuels tax (see Exhibit 5).

Exhibit 5

Rhode Island Net Tax-Supported Debt

\$ Thousands

Security type	NTSD
GO	1,091,385
Lease/approp	297,180
Hwy revenue	203,920
GARVEEs	476,205
MO	15,173
Capital leases	195,910
Other	38,400
	2,318,173

Source: Rhode Island CAFR; EMMA; Moody's Investors Service

DEBT-RELATED DERIVATIVES

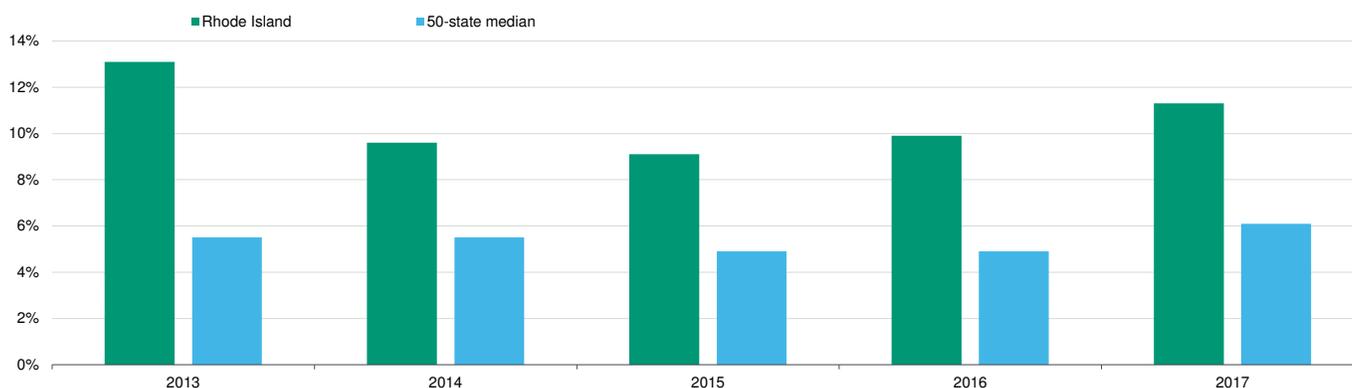
The state has no debt-related derivatives.

PENSIONS AND OPEB

In fiscal 2018, Rhode Island's adjusted net pension liability (ANPL) was \$6.735 billion, similar to the \$6.74 billion liability in the previous year when the liability was about 12.6% of state GDP. Our adjustments to pension data include a market-based discount rate to value the liabilities, rather than the long-term assumed investment return used in reported figures.

Exhibit 6

Rhode Island ANPL down from highs; continues to exceed 50-state median ANPL as a % of state GDP



Source: Moody's Investors Service

In 2017, Rhode Island's ANPL as a share of revenues [ranked 14th highest](#) among the states. The state's position relative to others will improve over time because of extensive reforms enacted in 2011. The reforms created a hybrid defined benefit and defined contribution system, suspended automatic cost of living increases, and made other changes to eligibility rules. The changes significantly reduced the state's unfunded liability and its annual required contribution. Ensuing legal actions affecting the state have been settled, solidifying significant savings to the state from the reforms. Recent actuarial changes that will help ensure sounder long-term funding for the plan include lowering of the discount rate to 7% and adopting an updated mortality table. Enactment of these changes act to increase projected liabilities while driving increases in actuarially determined contributions. Assuming the state's pension assets are invested to target a 7% average return, the lower discount rate will decrease the state's exposure to asset volatility.

The pension liabilities for which the state has responsibility are those of the state employee portion of the Employees' Retirement System (ERS), two state police plans and three judicial plans. The state also supports 40% of the cost of the teacher's plan, which is administered by the ERS. In addition, the state makes payments to a defined contribution plan for which there is no liability because there are no guaranteed benefit payments.

OPEB reforms reduce liability

Rhode Island's net liability (NOL) for other post employment benefit costs (OPEB) is reported at approximately \$511 million, based on a June 30, 2017, measurement date. The NOL is comprised primarily of \$463 million for state employees and about \$45 million for state police. The liability represents a substantial reduction in OPEB liability since the June 30, 2011 valuation of \$917 million, although a change in accounting standards effective with 2018 reporting makes comparisons difficult. Adjusted for a standard discount rate, the net OPEB liability is \$611 million.

The reduction in the NOL over time reflects the state's commitment to actuarially funding its OPEB liability and to reforms including the impact of shifting Medicare-eligible retirees to Medicare exchanges.

Fixed costs boosted by OPEB ARC payment

Rhode Island's fixed costs—consisting of debt service, pension contributions and OPEB payments—are higher than the 50-state median: 12.9% in fiscal 2017 vs. the median of 8.5%. While the state's high debt and pension liabilities contribute to the above-average fixed

costs, the state's funding policies for both pensions and OPEB are more effective in amortizing unfunded liabilities than many other states. Rhode Island makes its full actuarially required contribution to retiree health plans while most other states typically fund OPEB on a pay-as-you go basis. In addition, the state's pension and OPEB contributions were more than enough in 2017 to cover interest on the beginning of year liability as well as the benefits accrued by employees during the year, which allows the state to "tread water" and prevent unfunded liabilities from growing. Many states' contributions are not near or above the tread water benchmark. However, any shortfall from this benchmark will result in further growth in the liability unless the plan outperforms actuarial assumptions.

Governance

Rhode Island's governance and financial management are strong. The state follows a consensus revenue forecasting process, prepares multi-year spending and revenue forecasts, appropriates less than its expected revenue as a cushion, and is not subject to spending and revenue limitations or voter initiatives that can reduce flexibility.

Rating methodology and scorecard factors

The [US States and Territories Rating Methodology](#) includes a scorecard, which summarizes the 10 rating factors generally most important to state and territory credit profiles. Because the scorecard is a summary, and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned.

Exhibit 7

States rating methodology scorecard Rhode Island (state of)

Rating Factors	Measure	Score
Factor 1: Economy (25%)		
a) Per Capita Income Relative to US Average [1]	102.2%	Aaa
b) Nominal Gross Domestic Product (\$ billions) [1]	\$59.3	Aa
Factor 2: Finances (30%)		
a) Structural Balance	Aa	Aa
b) Fixed Costs / State Own-Source Revenue [2]	12.5%	Aa
c) Liquidity and Fund Balance	Aa	Aa
Factor 3: Governance (20%)		
a) Governance / Constitutional Framework	Aa	Aa
Factor 4: Debt and Pensions (25%)		
a) (Moody's ANPL + Net Tax-Supported Debt) / State GDP [2] [3]	15.3%	Aa
Factors 5 - 10: Notching Factors [4]		
Adjustments Up: None	0	
Adjustments Down: None	0	
Rating:		
a) Scorecard-Indicated Outcome		Aa2
b) Actual Rating Assigned		Aa2

[1] Economy measures are based on data from the most recent year available

[2] Fixed costs and debt and pensions measures are based on data from the most recent debt and pensions report published by Moody's

[3] ANPL stands for adjusted net pension liability

[4] Notching factors 5-10 are specifically defined in the US States and Territories Rating Methodology

Source: US Bureau of Economic Analysis; State CAFRs; Moody's Investors Service

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Summary:

Rhode Island & Providence Plantations; Appropriations; General Obligation; Moral Obligation

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Credit Profile

US\$135.5 mil cons cap dev loan (tax-exempt) ser 2019C due 01/15/2040		
<i>Long Term Rating</i>	AA/Stable	New
US\$69.07 mil rfdg cap dev loan (tax-exempt) ser 2019E due 01/15/2030		
<i>Long Term Rating</i>	AA/Stable	New
US\$17.5 mil cons cap dev loan (federally taxable) ser 2019D due 01/15/2030		
<i>Long Term Rating</i>	AA/Stable	New
Rhode Island & Providence Plantations GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed

Rationale

S&P Global Ratings assigned its 'AA' long-term rating to Rhode Island's \$135.5 million series 2019C consolidated capital development loan (tax-exempt), \$17.5 million series 2019D consolidated capital development loan (federal taxable), and \$69.07 million refunding series 2019E capital development loan (tax-exempt). At the same time, we affirmed our 'AA' rating on Rhode Island's outstanding general obligation (GO) debt.

In addition, we affirmed our 'AA-' long-term rating on the state's existing appropriation-backed debt, and our 'A' long-term rating on the Rhode Island Commerce Corp.'s (RICC) outstanding moral obligation-backed bonds, based on the application of our "Issue Credit Ratings Linked To U.S. Public Finance Obligors' Creditworthiness" criteria (published Nov. 20, 2019, on Ratings Direct). The outlook on all ratings is stable.

Security and use of proceeds

The series 2019C, D, and E bonds constitute a GO of Rhode Island, for which the state has pledged its full faith and credit. Each of the new issuances includes separate loans, as the designation of the loans is specified by the various public laws of the state authorizing the issuance of the bonds, which in aggregate reflect the cumulative amount \$222.07 million. Notwithstanding, each loan is a GO of the state without distinction among them as to payment or security.

We rate the state's outstanding lease appropriation-backed obligations one notch lower than Rhode Island's general creditworthiness, as reflected in the GO rating (AA/Stable), to account for the appropriation risk associated with payment agreements due under the various trust indentures and payment agreements. The state has pledged its best efforts to seek appropriations annually from the operating budget, and the state has considered the affordability of the lease payment in its long-term plans. We considered the affordability and likelihood of the lease payment, which is

reflected in the (appropriation) rating and in our view of Rhode Island's general creditworthiness. In our view, the lease agreement features and terms have no unusual political or administrative risks that may disrupt the timely payment of debt. We consider Rhode Island to have a strong relationship with the lessee and projects and believe the intended payment source is strong.

We rate the RICC's outstanding moral obligation debt three notches below our view of the state's general creditworthiness to reflect the state's appropriation of funds toward replenishment of the debt service reserve fund (DSRF) if there is a deficiency in the debt service fund. In our view, the obligation maintains a weak relationship between the state and the projects being financed. In addition, we have determined the mechanics of the intended payment source for the moral obligation pledge is weak as revenues are not directly tied to the state's operating budget and the obligor's intent is to address only a deficiency in the DSRF. If the state is called on to satisfy annual deficiencies, we believe it has considered the affordability of the obligations in its budget and financial forecasts; the overall payment would represent less than 1% of general fund expenditures. While we consider this transaction to be non-standard for the state, the appropriate high-level officials are supportive of projects funded through the RICC and there is no evidence of political resistance.

We understand that the state will use proceeds from the series 2019C and D GO bond issuances to finance various state capital improvements, including: construction of elementary, secondary, and higher education facilities; coastal resiliency and wastewater treatment facility projects; mass transit hub infrastructure; Quonset Point/Davisville Pier improvements; innovation centers; and state park projects.

Proceeds from the series 2019E refunding capital development loan will be used to refund all outstanding series 2010C recovery zone economic development bonds (RZEDBs), which is projected to generate approximately \$6.1 million present value savings, with no extension of final maturity.

The 'AA' rating reflects our view of factors affecting Rhode Island's general creditworthiness, specifically its:

- Overall very strong financial and budget management, including the state's implementation of budget adjustments and revenue enhancements in response to lower revenues, and its commitment to funding budget reserves in alignment with its 5% statutory requirement, which we expect to continue over the outlook period;
- Adequate, albeit improved, budgetary performance that has typically outperformed Rhode Island's enacted annual budget due to efforts to keep expenditures in line with revenue growth in recent years, and the state's history of instituting budget adjustments to shrink large outyear budget gaps;
- Adequate economy that has shown modest acceleration in economic development, wealth and income indicators that compare well with those of the nation, and an unemployment rate that is converging with the U.S., but economic and demographic growth trends that have persistently lagged those of the nation and slow post-recession recovery of the state's private-sector employment base; and
- Overall weak debt and liability profile characterized by moderate debt levels, but weak pension funding and other postemployment benefit (OPEB) obligations.

Credit overview

Across the state sector, S&P Global Ratings witnessed generally improving state credit conditions for fiscal years 2018 and 2019 due largely to strong economic growth in 2018 and the first two quarters of 2019, partly reflecting the

infusion of late-cycle federal fiscal stimulus (tax cuts and deficit spending). The state built on these gains from the long economic expansion and corresponding revenue growth, helping Rhode Island sustain steady financial performance in fiscal years 2018 and 2019. However, in our view, 2018 may have been the peak in the economic cycle. According to our commentary, "U.S. Biweekly Economic Roundup: Robust Labor Market Keeps Consumers Resilient To The Industrial Slump" (published Nov. 1, 2019), the stalemate in various trade negotiations and slowing global growth have hurt business confidence among U.S. nonfinancial corporates, as evidenced by minimal capital expenditure growth and a contraction in manufacturing. However, some easement in these factors and strong consumer spending in recent months anchored our assessment for the risk of a recession in the next 12 months at 25% to 30%. Even absent a recession, we expect the pace of economic growth to decelerate in the second half of 2019 and through 2020 and 2021. This suggests that the state sector (including Rhode Island) could see a resurgence of fiscal stress related to slowing revenue growth, coupled with rising fixed and social service costs exceeding revenue and GDP growth, which could widen outyear gaps between revenue and expenditures.

Notwithstanding these potential pressures that could challenge future budgets, Rhode Island added annually to its budget reserve and cash stabilization account (rainy day fund) between 2010 and 2019. Preliminary audited fiscal 2019 results indicate that the state increased its rainy day account by approximately \$5.2 million at fiscal year-end June 30, 2019, raising the balance to \$203.67 million (or 5.06% of preliminary 2019 expenditures). This level is consistent with fully funding of the state's requirement to maintain 5% of general revenue fund expenditures in the rainy day fund. In our view, Rhode Island's larger-than-expected budgetary surpluses for fiscal years 2018 and 2019 provided the state some additional budgetary flexibility to manage potential budget challenges beyond the current fiscal year.

Fiscal 2019 budget (unaudited results)

The fiscal 2019 enacted general fund budget totaled \$3.9 billion, a 2% spending increase over the prior fiscal year. The state began the budgeting process with a \$237.3 million current services deficit (6.2% of expenditures), but revised this to \$204.1 million after various revenue estimate and caseload estimate changes. While the revised budget only reflected a \$10.8 million increase in general revenue, the governor proposed new revenue totaling \$49.3 million to mitigate the deficit, including \$23.5 million from sports betting following the U.S. Supreme Court's ruling to overturn a 1992 federal ban late last year. Additional deficit mitigation measures on the expenditure side included primarily health and human services savings of \$103.7 million and various fund transfers. Personal income taxes total \$1.3 billion (a 5% increase) and sales and use tax totals \$1.3 billion (a 2.7% increase) compared to the revised 2018 budget.

Based on unaudited results, Rhode Island finished fiscal 2019 with an estimated general revenue surplus of \$29.2 million, aided largely by an increase in general tax revenue and enhanced controls on agency spending, leading to unexpended appropriations from the general assembly, social services, and Medicaid expenditures.

Fiscal 2020 budget (enacted budget)

The enacted fiscal 2020 general budget totaled \$4.078 billion. General revenue totals nearly \$4.179 billion, or approximately 4% over the previous fiscal year. In our opinion, the year-over-year revenue increase is reasonable based on forecasted revenue and caseload (financial and medical assistance) estimates in May 2019. The budget is funded with \$3.95 billion of ongoing revenue (based on the May 2019 Revenue Estimating Conference [REC] estimate). This is matched by \$226.3 million in assumed revenue growth (or a 4.7% increase relative to fiscal 2019) based on statutory changes enacted by the legislature in the most recent session. The budget extended the hospital licensing fee,

enacted legislation to conform statewide remote sales tax collections to the "South Dakota v. Wayfair" decision, and increased departmental fees, but the legislature did not concur with many proposed revenue enhancements and spending items proposed in the governor's budget.

Through the first three months of fiscal 2020, however, Rhode Island reports actual general revenues are about \$23.3 million, or approximately 0.5% above fiscal 2020 budgeted revenue expectations. Taxes are expected to be above enacted estimates by \$38.4 million as personal income and sales tax are exceeding targets, but this is offset by an estimated shortfall in departmental revenues and other sources (approximately \$38.3 million below budget), which includes \$35.7 million a reduction in lottery transfers. The state has also identified \$20.8 million in additional net agency spending, due primarily to increases at the Department of Children and Families (\$21.9 million over estimate) and Veterans' Services (\$2.9 million). The administration is working with these agencies to identify ways to reduce the early deficits and the Office of Management and Budget has expanded powers (pursuant to RIGL 35-3-24) to impose stricter spending controls for discretionary items to restore balanced agency operations, which we generally view as a credit positive.

Based on estimates through October 2019, the November 2019 REC projected essentially flat growth estimates for revenue for the remainder of fiscal 2020 and the state projects a modest \$4.13 million overall deficit in the current year. The conferees projected higher tax revenues across all major categories (personal income, general business, sales and use, and other taxes) will outperform the fiscal 2019 budget by \$134.4 million, or an annual increase of 4.2%. Notwithstanding some evidence of slowing revenue growth and expenditure variances at this early juncture of the fiscal year, we do not believe it represents a material weakening of the state's operations. However, we will closely monitor the state's economic conditions and revenue performance for latent indicators and evolving trends that could influence future financial forecasts presented at the REC later in the current fiscal year.

Fiscal 2021 (revenue and caseload estimates)

At the November 2019 REC and Caseload Estimating Conference (CEC), conferees adopted an initial available revenue estimate of \$4.24 billion for fiscal 2021, or \$62.8 million higher than the fiscal 2020 estimate. Among major tax categories, the state estimates a \$53.9 million increase in personal income taxes, coupled with a \$47.7 million increase in sales and use taxes. However, this will be partly offset by a projected decline in departmental receipts (\$33.5 million) due to a conservative estimate that the hospital licensing fee is set at 5% compared to 6% in the current year.

In addition to the revenue revisions, health and human services caseloads are projected to increase net expenditures by \$2.4 million over the enacted 2020 budget. Based on the CEC estimate, cash assistance and medical assistance caseload increases are approximately \$2.1 million and \$22.7 million, respectively, for a \$24.8 million total increase in expenditures estimated for fiscal 2021. Although the November 2019 CEC is an initial estimate for fiscal 2021, the state expects to identify other expenditure reductions, fund transfers, and revenue enhancements to sustain budget balance.

In our opinion, outyear budgets remain unbalanced as projected expenditure growth is likely to outpace revenue growth in Rhode Island. The state's five-year financial forecast (included with the governor's 2020 budget proposal) projected structural operating deficits by fiscal year are as follows: \$79.8 million in fiscal 2021, \$115.2 million in fiscal 2022, \$180 million in fiscal 2023, and \$277.3 million in fiscal 2024. In percentage terms, the deficits are projected to range from 1.9% of spending in fiscal 2021 to 5.9% of spending in fiscal 2024. In our opinion, the state's projected

deficits are manageable and have fallen in recent years, but weaker economic conditions that create revenue uncertainty and increase public assistance caseloads could affect these projected deficits beyond the outlook horizon.

We have assigned a total score of '1.84' to Rhode Island under our state ratings methodology, in which '1.00' is the strongest score and '4.00' the weakest. This score corresponds to an 'AA+' rating. However, we have notched down because of the state's tepid economic growth trends relative to the nation and weak pension and OPEB funding. These liabilities, coupled with a moderate fixed-cost burden, could impair Rhode Island's ability to sustain structural budgetary performance and force one-time budget solutions or substantial reserve drawdowns during the next economic downturn.

For more information, see our full analysis on the state of Rhode Island, published April 3, 2019.

Outlook

The stable outlook reflects our view of Rhode Island's strong governmental framework and financial management procedures, resulting in the implementation of timely budget adjustments to reduce large outyear budget gaps and generate positive operating performance in fiscal years 2018 and 2019 (unaudited). In our opinion, Rhode Island will continue to institute spending controls and revenue enhancements when necessary that should allow it to maintain, at least, balanced fiscal performance and reserves in line with its 5% statutory requirement. However, we recognize that the state's finances could be challenged, particularly under more constrained economic and revenue growth conditions, and if cost escalations from retirement liabilities, as well as Medicaid and public assistance caseloads, outpace revenue forecasted estimates.

Although we view it as unlikely that we will change the rating within the next two years, should Rhode Island's economic expansion accelerate and improve economic metrics relative to the U.S., coupled with pension funding progress to levels commensurate with those of higher-rated peers and consistently sustained structural balance without reliance on one-time revenue fixes, we could raise the rating. Conversely, we could lower the rating if the state experiences a sustained erosion in revenue and structural solutions are not undertaken to maintain fiscal balance, leading the state to perform materially below budget expectations and weakening reserves. The state's overall fiscal environment is somewhat susceptible to growing liabilities due to traditionally weak pension funding levels and economic growth that lags that of the nation, which could make future budgetary adjustments during an economic slowdown more difficult. If pressures are left unmitigated, it could lead to deteriorating credit quality and a lower rating.

Ratings Detail (As Of November 26, 2019)

Rhode Island & Providence Plantations lse part certs (Eleanor Slator Hosp Proj)		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Rhode Island & Providence Plantations lse part certs (URI Conservation Proj)		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Rhode Island & Providence Plantations APPROP		
<i>Long Term Rating</i>	AA-/Stable	Affirmed

Ratings Detail (As Of November 26, 2019) (cont.)		
Rhode Island & Providence Plantations APPROP		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Rhode Island & Providence Plantations APPROP		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Rhode Island & Providence Plantations APPROP		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Rhode Island & Providence Plantations APPROP		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Rhode Island & Providence Plantations APPROP		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Rhode Island & Providence Plantations APPROP		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Rhode Island & Providence Plantations APPROP		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Rhode Island & Providence Plantations APPROP		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Rhode Island & Providence Plantations APPROP		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Rhode Island & Providence Plantations APPROP		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Rhode Island & Providence Plantations APPROP		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Rhode Island & Providence Plantations APPROP		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Rhode Island & Providence Plantations APPROP (ASSURED GTY)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Rhode Island & Providence Plantations GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Rhode Island & Providence Plantations GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Rhode Island Convention Ctr Auth rev		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Rhode Island & Providence Plantations GO		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed

Ratings Detail (As Of November 26, 2019) (cont.)

Rhode Island Commerce Corp, Rhode Island

Rhode Island & Providence Plantations, Rhode Island

Rhode Island Commerce Corp (Rhode Island & Providence Plantations) rev bnds

Long Term Rating AA-/Stable Affirmed

Rhode Island Commerce Corp (Rhode Island & Providence Plantations) APPROP

Long Term Rating AA-/Stable Affirmed

Rhode Island Commerce Corp (Rhode Island & Providence Plantations) MORALOBLIG

Unenhanced Rating A(SPUR)/Stable Affirmed

Rhode Island Commerce Corp (Rhode Island & Providence Plantations) MORALOBLIG

Long Term Rating A/Stable Affirmed

Rhode Island Commerce Corp (Rhode Island & Providence Plantation) MORALOB

Long Term Rating A/Stable Affirmed

Rhode Island Convention Ctr Auth, Rhode Island

Rhode Island & Providence Plantations, Rhode Island

Rhode Island Convention Ctr Auth (Rhode Island & Providence Plantations) APPROP

Long Term Rating AA-/Stable Affirmed

Rhode Island Convention Ctr Auth (Rhode Island & Providence Plantations) APPROP

Long Term Rating AA-/Stable Affirmed

Rhode Island Convention Ctr Auth (Rhode Island & Providence Plantations) APPROP

Long Term Rating AA-/Stable Affirmed

Rhode Island Convention Ctr Auth (Rhode Island & Providence Plantations) APPROP

Long Term Rating AA-/Stable Affirmed

Rhode Island Convention Ctr Auth (Rhode Island & Providence Plantations) APPROP (ASSURED GTY)

Unenhanced Rating AA-(SPUR)/Stable Affirmed

Many issues are enhanced by bond insurance.

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